

## **Report 01.324**

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Report to the Policy and Finance Committee  
By Dr Dave Watson, Divisional Manager Transport

### **Wellington Lambton Interchange**

#### **1. Purpose**

To update the Committee on the Wellington Lambton Interchange project, to obtain approval to pay Wellington City Council up to \$711,000 this year for the Station Forecourt/Bunny Street element of the project and to seek approval to enter into a service agreement with the Wellington City Council for the project once completed.

#### **2. Background**

##### **2.1 The Strategic Context**

The adopted Wellington Regional Land Transport Strategy (1999-2004) contains the following relevant public transport projects that are expected to proceed prior to 2004 (page 60 of the Strategy) in the Ngauranga to Wellington CBD corridor:

- Improve bus priority through CBD traffic (\$1.5m)
- Enhance the bus/rail interchange at Wellington railway station (\$6m) and
- Improve pedestrian linkages from Wellington station to the CBD (\$1.8 m)  
(These costings [in 1998 dollars] were based on a proposal for a new interchange on Featherston Street itself not on the existing Rutherford House site)

##### **2.2 The Timing and Method of Funding**

The Council's Long Term Financial Strategy and the 2000/01 Annual Plan allowed for all these projects to be funded starting in 2000/01 through a funding mechanism that spread Council service payments over no more than a ten year period. The budgeted funding stream assumed a Transfund New Zealand contribution of 40% to the total project cost. The project costings used in developing the Long Term Financial Strategy were \$8.93 m for the bus/rail interchange, on the existing site, and improved pedestrian links with an additional \$2.17 m for the CBD bus priority measures.

### 2.3 Scheme History

From early in 1998 through to early 1999 the Joint Northern Gateway Project Steering Committee consisting of Regional Council and Wellington City Council members developed the Lambton Interchange concept. That Joint Steering Committee had no decision-making powers so in March 1999 the developed proposal was reported to both Councils, in the case of the Regional Council through the Passenger Transport Committee. From then until the present, the key steps taken by the Council were as follows:

- Approval of the project to upgrade the pedestrian subway – March 1999
- The commitment of \$940,000 from Transport Reserves to fund the pedestrian subway upgrade – September 1999
- Agreement to an annual service payment arrangement to fund the project – September 1999
- Agreement to include the financial implications of funding the project in the Long Term Financial Strategy – September 1999
- Recognition that the overall project was urgent in light of the needs of Victoria University as owner of Rutherford House – November 1999
- Agreement that the Wellington City Council be advised that it should continue to progress the bus-rail interchange and pedestrian facilities immediately in front of the station on an urgent basis – November 1999

Since late 1999 the two Councils have:

- Examined a number of funding arrangements including LATEs, Trusts and Council to Council service agreements
- Worked collaboratively to produce and submit formal funding requests to Transfund New Zealand with the project as one Alternative to Roading Project (ATR), the project split into two ATR projects, a kick start project and a roading project.

The Wellington City Council has because of the moves by Victoria University to convert Rutherford House for its uses (including the construction of additions to the original building), been required to start some of the project. It has therefore:

- Purchased land associated with the pedestrian subway upgrade and started the upgrade work using funding the Regional Council has provided for the subway. (\$940,000 from reserves)
- Relocated the bus terminus to Bunny Street
- Begun the pedestrian improvements at the front of the railway station at our request
- Obtained designs for the interchange proper and the remaining pedestrian enhancements linked to it
- Designed the CBD bus priority link to the interchange

### 2.4 Transfund Position

Since the introduction of the ATR process no major capital projects have managed to attract Transfund funding support. After more than a year of work we are advised by Transfund that:

- The pedestrian improvements in the station forecourt are fundable as an ATR
- The interchange itself is also fundable as an ATR
- The pedestrian links **might** be fundable as kick start projects
- The bus priority is fundable as a roading project

However, there were a number of issues, some yet to be resolved, before Transfund will commit funding to elements of the project. The issues they raised were:

- Who will own the project?
- Is the arrangement between the Councils legal?
- Can Transfund contribute funding to what has already been completed?
- How will they prevent double dipping as funding the project will result in greater patronage which itself attracts additional funding?

Meetings between the two Councils and Transfund officials has resulted in the first two of these issues being cleared away. First the project is a Wellington City project and the City is itself seeking Transfund funding with the support and agreement of the Regional Council. The funding arrangement between the Councils is the same as that used for the Paraparaumu station pedestrian overbridge which we have been advised is legal.

The project appears in the Regional Council's programme for 2000/01 but not in the City Council's programme. As the City Council is seeking Transfund money, not the Regional Council there appears to be some difficulty with Transfund making a contribution to expenditure incurred this financial year. The councils have formally applied for the project to be transferred between programmes. Transfund are considering this possibility. The risk to the project is a loss of expected Transfund funding of around \$300,000.

The double dipping question has apparently not yet been debated at the Transfund Board level. However, there is a fairness and equity question at stake. Projects that receive kick start funding also receive patronage funding. Double dipping is deliberately allowed for under that part of the government's patronage funding. Road projects all suffer from a similar double dipping concept but are not penalised. If Transfund move to reduce their support for the ATR elements of the project to eliminate double dipping it should be strongly resisted by both Councils.

## 2.5 Cost of the Project

The project's five elements are now budgeted to cost a total of \$10,830,000, which is made up of:

• Pedestrian Subway	\$940,000
• Station Forecourt/Bunny Street	\$711,000
• Bus terminal	\$6,409,000
• Pedestrian links	\$2,316,000
• Bus Priority (Lambton only)	\$454,000
<b>Total</b>	<b>\$10,830,000</b>

## 2.6 **Proposal to Fund the Project**

The Regional Council has already funded the pedestrian subway from reserves. The Station Forecourt/Bunny Street element will be completed this financial year and can be funded from the money set aside for the project in the current Annual Plan. This element may receive Transfund funding support and if this occurs the Regional Council's contribution will be reduced. The City Council is expected to complete the remainder of the project during the 2001/02 year. The estimated contribution from Transfund New Zealand to the total project is \$5,083,000. On that basis Wellington City Council would need to raise a total of about \$4,100,000 to complete the project. During 2001/02 the Regional Council can continue to fund individual elements of the project up to a maximum of \$761,000. However, once the project is finished then the Regional Council would need to enter into a service agreement with the Wellington City Council. Such an agreement would be modelled on the existing service agreement that the Regional Council has with the Kapiti Coast District Council for the Paraparaumu station overbridge. The actual amount will materially depend on the level of funding received from Transfund New Zealand. If the contribution from Transfund New Zealand is significantly less than expected then both Councils will need to review the scope of the project with a view to reducing the overall cost.

## 3. **Communications**

There have already been a number of media releases regarding the project. The next key event will be its completion in 2001/02 when there will be a further opportunity to emphasise the benefits it brings to public transport users in the Region.

## 4. **Recommendation**

*That the Committee recommend to Council:*

- (a) *That it receive the report and note its contents.*
- (b) *That the Council note the total cost of the Wellington Lambton Interchange project is now \$10,830,000.*
- (c) *That the Council note that the cost of the pedestrian subway (\$940,000) is being funded from reserves.*
- (d) *That the Council approve a payment of up to \$711,000 this year for the Station Forecourt/Bunny Street element of the Interchange project.*
- (e) *That the Council note that expenditure of up to \$761,000 is included in the proposed 2001/02 annual plan for further elements of the Interchange project depending the level of Transfund funding support.*
- (f) *That the Council enter into a service agreement with Wellington City Council for the use of the Wellington Lambton Interchange facility once it is completed.*
- (g) *That the Divisional Manager, Transport be delegated the authority to finalise the service agreement.*

Report prepared by:

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